



International Agricultural Trade Report

May 20, 1998

U.S. Wheat Exports to See Less Competition in 1998/99

Summary

U.S. wheat exports in 1998/99 will likely be higher, perhaps 3 million tons, due to less exports in our competitors. For the second consecutive year, U.S. market share is expected to rise, to over 31 percent in the coming year, as world trade remains flat for the fourth year in a row.

Canada's Exports Take a Dive: Down 3.5 million tons

The expected drop is mainly due to tight carry-in stocks and prospects for a slightly smaller crop. Prospective plantings indicate that the low prices of the past year have encouraged a shift away from wheat and towards oilseeds, primarily canola. With less exports, Canada's share of world trade will be down over 4 percent to 16.7 percent, perhaps the lowest level in years.

Australia: Going Down 1 Million Tons, but Not in Our Markets

Lower exports are expected based on soft demand in India, but sales to other traditional markets, Indonesia, Iran, and Pakistan, are expected to continue strong. Australia's share of world trade will likely be down marginally to 14 percent.

Argentina: Still Holding Strong

Exports will be down only marginally as shipments of old crop supplies carry into the new year offsetting lower production prospects. Also, demand in Brazil, Argentina's largest market, is expected to continue strong. With a much smaller crop, it is unlikely that Argentina will depress global prices by offering steeply-discounted wheat, as they did two years ago. Argentina is expected to account for less than 9 percent of world trade, down only slightly from 1997/98.

European Union: The Biggest Contender--Exports Forecast Up 2 Million Tons

Prospects for a record crop in 1998 support record consumption and higher exports, leaving government stocks historically low. With higher exports next year, the EU would account for nearly 18 percent of world trade, still slightly below its ten-year average, but up from last year when exports were limited by poor crop quality and tight domestic stocks. Flour exports should be around six million tons in 1998/99, which would be on par with record levels of the past two years. One caveat: a bumper harvest could also pressure domestic prices, increasing consumption even further and limiting exportable supplies.

For more information, please contact Dusti Fritz (690-4200) or Paul Gallagher (690-4289).